

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
EATON COUNTY, MICHIGAN
AUDIT REPORT
DECEMBER 31, 2007**

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INDEPENDENT AUDITOR'S REPORT

Honorable Board Members
Dorothy Hull Library
Windsor Charter Township
Dimondale, MI 48821

We have audited the accompanying financial statements of the governmental activities and the major fund of Dorothy Hull Library, Windsor Charter Township, Dimondale, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Dorothy Hull Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Dorothy Hull Library, Windsor Charter Township, Dimondale, Michigan, as of December 31, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and page 18, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Grand Ledge, Michigan
June 20, 2008

DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED DECEMBER 31, 2007

The management of the Dorothy Hull Library, Windsor Charter Township, ("the Library") offers this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2007 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Library's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

The assets of the Library exceeded its liabilities at the close of the most recent fiscal year by \$589,180 (net assets). Of this amount, \$412,551 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The Library's total net assets increased by \$52,894 dollars.

As of the close of the current fiscal year, the Library's governmental fund reported an ending fund balance of \$481,871, an increase of \$68,673 in comparison with the prior year.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$413,198 or 503 percent of total general fund expenditures.

Overview of the Financial Statements

The Library's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

The government-wide financial statements are designed to provide a broad overview of the Library's financial position. The Statement of Net Assets and the Statement of Activities are two new financial statements that report information about the Library as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The Statement of Net Assets presents information on all of the Library's assets and liabilities, the difference between the two being reported as the Net Assets of the Library. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The Statement of Activities gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on pages 5 and 6 of this report.

Focus on Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the Library is categorized as a governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide information to facilitate this comparison between governmental funds and governmental activities.

The Library maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered a major fund.

The Library adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 7 and 9 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-side and fund financial statements. The notes to the financial statements can be found on pages 11 through 17 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Library's general fund budget on page 18.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Library, assets exceeded liabilities by \$589,180 at the close of the most recent fiscal year.

A large portion of the Library's net assets (25 percent) reflects its investment in capital assets (e.g., Library books, furniture and equipment), less any related debt, none at year end, used to acquire those assets that are still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Condensed Financial Information

The table below compares key financial information in condensed format:

	2007	2006
Current assets	\$ 443,560	\$ 374,598
Capital assets - net of depreciation	149,864	166,624
Total assets	<u>593,424</u>	<u>541,222</u>
Other liabilities	<u>4,244</u>	<u>4,936</u>
Net assets:		
Invested in capital assets, net of depreciation	149,864	166,624
Restricted for capital projects	26,765	25,417
Unrestricted	412,551	344,245
Total net assets	<u>\$ 589,180</u>	<u>\$ 536,286</u>
Revenue:		
Penal fines	\$ 44,657	\$ 34,315
Transfers	37,000	37,000
Other	<u>83,682</u>	<u>25,180</u>
Total revenue	<u>165,339</u>	<u>96,495</u>
Expenses - Library services	<u>112,445</u>	<u>106,773</u>
Change in net assets	<u>\$ 52,894</u>	<u>\$ (10,278)</u>

Contacting the Library

This financial report is designed to provide the wide variety of users of this document with a general overview of the Library's finances and demonstrate the Library's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Dorothy Hull Library, 405 W Jefferson, Dimondale, Michigan 48821.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 192,048
Investments	250,647
Prepaid Insurance	865
Capital Assets - Net	<u>149,864</u>
Total Assets	<u>593,424</u>
 LIABILITIES	
Accounts Payable	856
Accrued Expenses	<u>3,388</u>
Total Liabilities	<u>4,244</u>
 NET ASSETS (DEFICIT)	
Invested in Capital Assets	149,864
Restricted for Special Purposes	26,765
Unrestricted	<u>412,551</u>
Total Net Assets	<u>\$ 589,180</u>

The notes to the financial statements are an integral part of this statement.

DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Governmental Activities:				
Recreation and Culture	\$ 112,445	\$ 6,676	\$ -0-	\$ -0-
General Revenues:				
State Aid - Unrestricted				5,802
Penal Fines				44,657
Investment Income				15,381
Miscellaneous				55,823
Transfers				37,000
Total General Revenue				158,663
Change in Net Assets				52,894
Net Assets (Deficit) - Beginning of Year				536,286
Net Assets (Deficit) - End of Year				\$ 589,180

The notes to the financial statements are an integral part of this statement.

DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<u>General Fund</u>
ASSETS	
Cash	\$ 192,048
Investments	<u>294,067</u>
Total Assets	<u>\$ 486,115</u>
 LIABILITIES AND FUND EQUITY	
Liabilities	
Accounts Payable	\$ 856
Accrued Wages	<u>3,388</u>
Total Liabilities	<u>4,244</u>
Fund Balance	
Fund Balance - Unreserved	455,106
Fund Balance - Reserved	<u>26,765</u>
Total Fund Balance	<u>481,871</u>
 Total Liabilities and Fund Balance	 <u>\$ 486,115</u>

The notes to the financial statements are an integral part of this statement.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL
FUNDS TO STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
December 31, 2007**

Total fund balance -Total governmental funds	\$ 481,871
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental fund financial statements.	496,036
Accumulated depreciation has not been included in the governmental fund financial statements.	(346,172)
Adjust investments to fair market value	(43,420)
Prepaid items are not available to pay current-period expenditures and, therefore, not reported in the funds.	<u>865</u>
Net assets of governmental activities	\$ <u><u>589,180</u></u>

The notes to financial statements are an integral part of this statement.

DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General Fund
REVENUES	
State Aid	\$ 5,802
Penal Fines	44,657
Charges for Services	3,676
Interest and Rentals	17,401
Other Revenue	55,823
	<hr/>
Total Revenues	127,359
	<hr/>
EXPENDITURES	
Recreation and Culture	76,773
Capital Outlay	18,913
	<hr/>
Total Expenditures	95,686
	<hr/>
Excess of Revenues Over (Under) Expenditures	31,673
Other Financing Sources (Uses) Operating transfers in - Primary government	37,000
	<hr/>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	68,673
Fund Balance - January 1	413,198
	<hr/>
Fund Balance - December 31	\$ 481,871
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Net Change in Fund Balance - Total Governmental Funds	\$ 68,673
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Capital asset purchases capitalized	17,430
Depreciation expense	(34,189)
Gain realized on investments	<u>980</u>
Change in Net Assets of Governmental Activities	\$ <u><u>52,894</u></u>

The notes to financial statements are an integral part of this statement.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Dorothy Hull Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Dorothy Hull Library:

The Reporting Entity

Dorothy Hull Library was established pursuant to the provisions of Michigan law (MCL 397.210) and is governed by an elected six-member board. The Library Board has exclusive control over library funds, expenditures and of any library building construction, supervision, care and maintenance. The library fund revenues must be deposited in the township treasury and are drawn by the township treasurer on library board vouchers.

The criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Based on the above criteria, the financial statements present only the Dorothy Hull Library, a component unit of Windsor Charter Township.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Library as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by intergovernmental revenues, are reported separately from business-type activities, generally financed in whole or in part with fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenue.

Fund Financial Statements

The Library segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current resources. The general fund is the Library's only governmental fund.

The general fund is the Library's primary operation fund. It accounts for all financial resources of the general government.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTES 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences and claims and judgements are recorded only when payment is due.

Private-sector standard of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with standards of the Governmental Accounting Standards Board.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity date within three months or less when acquired.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	25 to 40 years
Land Improvements	15 years
Furniture and Fixtures	10 to 20 years
Computer Equipment	5 years
Library Books and Videos	10 years

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. These funds are reserved for future capital outlays and improvements to the library.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State Law for the General Fund. All annual appropriations lapse at fiscal year end. Encumbrances are not employed.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the activity level. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits entities to amend their budgets during the year. There were no significant amendments during the year.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CASH

Michigan Compiled Laws, section 129.91, authorizes the Library to make deposits and invest in the accounts of the federally insured banks, credit unions, and savings and loan associations which have offices in Michigan. The Library is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Library Board has designated three banks for deposit of Library funds. The investment policy adopted by the board in accordance with Public Act 196 of 197 has authorized investments in bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Library's deposits and investment policy are in accordance with statutory authority.

At year-end, the Library's deposits and investments were reported in the following categories:

Cash and cash equivalents	\$ 192,048
Investments	<u>294,067</u>
Total	<u>\$ 486,115</u>

The bank balance of the Library's deposits is \$193,129, of which \$193,129 is covered by federal depository insurance.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Library or its agent in the Library's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Library's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Library's name.

At year-end, the government's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Certificates of Deposit	\$ <u>53,196</u>	\$ <u>140,871</u>	\$ <u>-0-</u>	\$ 194,067
Investments Not Subject to Categorization				<u>56,580</u>
Totals				<u>\$ 250,647</u>

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – CASH – CONT'D

The New York Life Insurance investment is in a whole life insurance policy insuring the life of the donor. The Library is the beneficiary and owner of this policy. The donor has paid \$100,000 on the insurance policy. Future insurance premiums will be paid from cash values of the insurance policy. The cash and face values of the policy at December 31, 2007, were \$55,600 and \$111,737, respectively.

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the Library for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 4,190	\$	\$	\$ 4,190
Capital Assets Being Depreciated				
Buildings	92,966			92,966
Land Improvements	3,950			3,950
Furniture and Fixtures	45,641	2,745	3,700	44,686
Books & Videos	389,053	14,685	53,494	350,244
Subtotal	531,610	17,430	57,194	491,846
Less Accumulated Depreciation	369,176	34,189	57,194	346,171
Net Capital Assets Being Depreciated	162,434	(16,759)	-0-	145,675
Governmental Activities-Total Capital Assets-Net of Depreciation	\$ 166,624	\$ (16,759)	\$ -0-	\$ 149,865

Depreciation expense totaling \$34,189 was charged to the general government program in the statement of activities.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – EMPLOYEE'S RETIREMENT SYSTEM – DEFINED CONTRIBUTION

The Library has a defined contribution pension plan covering substantially all employees who choose to belong to the plan. The minimum contribution of employees who wish to participate is 5 percent of their gross wage. The Library will contribute a maximum of 10 percent of participating employees' gross wages. This benefit is an insurance-type plan administered by plan trustees, "Windsor Charter Library Pension Plan", under provisions of Section 401(a) of the Internal Revenue Code. As of December 31, 2007, the pension plan's current membership was one employee.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. The plan has no annual contribution requirement. Amounts to be contributed to the plan will be determined by the library board annually and all contributions have immediate vesting.

For the plan year ended December 31, 2007, the Library's actual contributions amounted to \$3,530. The plan is funded through the Manulife Insurance Company and had the following activity during the fiscal year ended December 31, 2007.

Balance - January 1, 2007	\$	57,256
Contributions - Employees		3,530
Contributions - Employer		3,530
Earnings (Loss)		(433)
Charges		(802)
Balance - December 31, 2007	\$	<u>63,081</u>

No pension provision changes occurred during the year that affected the required contributions to be made by the Dorothy Hull Library.

The pension plan held no securities of the Dorothy Hull Library or other related parties during the year or as of the close of the fiscal year.

NOTE 6 – FUND BALANCE – RESERVED

The reserved portion of the fund balance, totaling \$26,765 consists of the Dorothy Hull Memorial Fund. These funds are reserved for future capital outlays and improvements to the library.

**DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – RISK FINANCING

The Library is exposed to various risks of loss related to theft of, damage to, and distribution of assets; errors and omissions; and injuries to employees. The Library purchases insurance from independent third parties for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, building and contents) and workers' compensation. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

DOROTHY HULL LIBRARY
WINDSOR CHARTER TOWNWHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 24,444	\$ 24,444	\$ 413,198	\$ 388,754
Resources (Inflows)				
State Aid	5,200	5,200	5,802	602
Penal Fines	30,000	30,000	44,657	14,657
Charges for Services	3,050	3,050	3,676	626
Interest and Rentals	7,200	7,200	17,401	10,201
Other Revenues	300	300	55,823	55,523
Operating Transfers	37,000	37,000	37,000	-0-
Amounts Available for Appropriation	107,194	107,194	577,557	470,363
Charges to Appropriations (Outflows)				
Personal Services	49,229	49,229	47,520	1,709
Operating Supplies	3,500	3,850	3,136	714
Insurance	2,800	2,800	1,831	969
Professional Services	4,600	4,600	4,550	50
Utilities	5,400	5,400	4,336	1,064
Repairs and Maintenance	1,500	1,500	1,223	277
Capital Outlay - Books & Videos	18,100	18,100	15,768	2,332
Capital Outlay - Other	3,000	3,000	3,145	(145)
Miscellaneous	7,460	10,810	10,647	163
Retirement	3,605	3,605	3,530	75
Contingencies	8,000	4,300		4,300
Total Charges to Appropriations	107,194	107,194	95,686	11,508
Budgetary Fund Balance - December 31	\$ -0-	\$ -0-	\$ 481,871	\$ 481,871

The notes to the financial statements are an integral part of this statement.

Jay E. Cardinal, CPA
Randall L. Tepatti, CPA
Steven W. Shults, CPA
Thomas J. Bellgraph, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS

June 20, 2008

Honorable Board Members
Dorothy Hull Library
Windsor Charter Township
Dimondale, MI 48821

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dorothy Hull Library, Dimondale, Michigan, as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Dorothy Hull Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

1. PREPARATION OF FINANCIAL STATEMENTS

Governmental entities are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Responsibility for the financial statements of the Library rests with management. The preparation of financial statements in accordance with GAAP requires internal control over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related note disclosures (i.e., external financial reporting).

It is common for many small to medium-sized governments to rely on the independent auditors in the preparation of the government-wide and fund financial statements, as well as the related notes to the financial statements, as part of its external financial reporting process. As a result, a government's ability to prepare financial statements in accordance with GAAP has typically been based, in part, on its reliance on the independent auditors. By definition, independent auditors cannot be part of the government's internal controls.

The condition noted in the preceding paragraph exists at Dorothy Hull Library. The cause for this condition is simply because it is more cost effective to outsource the preparation of its annual financial statements to the independent auditors than to incur the time and expense of having the employees and/or management obtain the necessary training and expertise required to perform this task internally.

As a result of this condition, the employees and/or management do not possess the qualifications necessary to prepare the Library's annual financial statements and notes to the financial statements in accordance with GAAP. The Library relies, in part, on the independent auditors for assistance with the preparation of annual financial statements and related notes to the financial statements in accordance with GAAP.

We recommend the Library consider the proper training for the appropriate staff members to assure that they are able to fully understand what goes into the preparation of the annual audited financial statements and so that they can take responsibility for the preparation of the annual audited financial statements, assure there are no material misstatements, and assure there are appropriate disclosures in accordance with accounting principles generally accepted in the United States of America.

2. DETERMINATION OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

During the course of our audit, we have annually performed a search for unrecorded receivable and payable amounts. As a result of that search, journal entries were suggested to the Library's management for entry into the general ledger. In many instances, the suggested receivable and payable amounts would be considered material to the Library's financial statements.

We recommend the Library make determinations of accounts receivable and accounts payable amounts by fund as part of their year-end closing procedures. Documentations supporting the receivable and payable amounts recorded in the general ledger should be retained for audit purposes.

3. MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Material journal entries to properly account for transactions that occurred during the year were proposed by the auditors. These misstatements were not detected by the Library's internal control over financial reporting. Statement on Auditing Standards No. 112 (SAS 112), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial positions, results of operations, and cash flows (when applicable), including the notes to financial statements, in conformity with U.S. generally accepted accounting principles. The auditors cannot be a part of internal controls.

We recommend that the Library take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

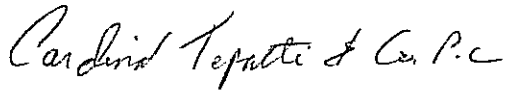
A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiencies identified as comments 1, 2, and 3 to be material weaknesses in internal control over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of non compliance.

This report is intended solely for the use of management and the Library Board of Dorothy Hull Library and is not intended to be and should not be used by anyone other than these specified parties.



Cardinal Tepatti & Co.
Certified Public Accountants